

## **TAX RELIEF FOR COMBAT ZONE TROOPS**

WASHINGTON -- The President's April 13<sup>th</sup> declaration of a combat zone in Yugoslavia, Albania and adjacent waters gave American military personnel in that area extra time to file and pay their taxes and made all or most of their combat pay free from income tax. Subsequent legislation extended this extra time for filing and paying taxes to personnel supporting Operation Allied Force who are away from their permanent duty stations but are not within the designated combat zone.

Affected military personnel and their spouses have an extended time to file returns, pay taxes, or perform other acts related to their taxes, such as making contributions to individual retirement arrangements. During this time, they will not accrue any interest or penalty charges and the Internal Revenue Service will not pursue any tax enforcement actions, such as audit or collection activity. This relief also applies to civilians in the combat zone who are in support of the combat operations, such as relief workers.

The extra time lasts until 180 days after they leave the combat zone or their supporting operation, plus the number of days they were there during the tax filing season after the air strikes began on March 24, 1999. These tax relief provisions also apply during any period of hospitalization resulting from injuries or illness incurred while serving in a combat zone.

Taxpayers using any of these extension provisions should put the words "Operation Allied Force" at the top of any tax return, reply notice, or other correspondence they send to the IRS.

Enlisted personnel will not pay income taxes on any pay received for any month they were in the combat zone. This includes such things as active duty pay, imminent danger pay, accrued leave earned, and re-enlistment bonuses. Officers in the combat zone may exclude up to the maximum amount excludable for enlisted personnel. Also, no income taxes will be withheld on such pay.

Military personnel stationed outside the United States and Puerto Rico who are not involved in combat zone operations, as well as any taxpayers who live and work outside the U.S., have until June 15 to file their returns and pay tax without penalty, but, like other taxpayers who get filing extensions, they will owe interest on any taxes they had not paid by April 15.

X X X